

FAST FACTS

Non-allowable Expenditures with Federal Funds for Targeted Assistance Schools

Any time state law, North Dakota Century Code (NDCC), requires school districts to implement a certain initiative, it becomes a potential supplanting violation to use federal funds to fund the initiative even though it may have been done in the past. The purpose of this fast fact is to outline the various measures required by state law and how it has implications on the use of federal funds.

PowerSchool: During the 2009 Legislative session, language was incorporated into the century code requiring schools to utilize PowerSchool as its principle student information system (NDCC Section 15.1-07-33). Since state law now requires this program for all schools and students K-12, it is considered supplanting to use federal funds to pay for the PowerSchool program.

NWEA Measures of Academic Progress® (MAP®): In 2009, language was incorporated into the NDCC requiring schools to annually administer an interim assessment such as the NWEA Measures of Academic Progress®, or any other interim assessment approved by the superintendent of public instruction, to grades 2-10 (NDCC 15.1-21-17). Since state law now requires this assessment for all schools, it is considered supplanting to use federal funds to pay for the NWEA assessment.

WorkKeys and ACT: Also in 2009, language was incorporated into the NDCC requiring students in grade 11 to take the ACT or three WorkKeys assessments (NDCC Section 15.1-21-19). The law also states the cost of the assessment and its administration are the responsibility of the district. Since state law now requires this assessment for all schools, it is considered supplanting to use federal funds to pay for the WorkKeys or ACT assessments.

Gift Cards: Gift cards are never an allowable expense, as there is no guarantee the card will be used on educationally-related purchases. This includes gift cards issued as door prizes, gift cards issued to teachers for supplies, or Apple gift cards to download software on iPads, to name a few. The only exception to this would be a gift card that is to a bookstore that is also reasonable and nominal.

Core Curriculum: Using federal funds to purchase core instructional materials is not allowed as it is considered a district responsibility to provide these items (i.e., math curriculum, spelling books, etc.). Even in Title I schoolwide programs, federal funds must supplement state dollars and purchasing core curriculum is not allowed.

Furniture: Federal guidance has been used that it is an inappropriate use of federal funds to purchase classroom furniture. Permanent fixtures that are needed to operate a classroom (tables, desks, chairs, etc.) are the responsibility of the district; therefore, using federal funds for these items would be supplanting. However, districts may purchase supplemental items such as filing cabinets, book shelves, computer tables, etc.

Incentives: Federal guidance has been issued on this topic and incentives are non-allowable unless the expenditures can pass each of the following three tests:

- **Reasonability Test:** All federal expenditures must be reasonable. It helps to determine if the expenditure is reasonable by picturing the district having to justify the expenditure to an auditor.
- **Nominal Test:** Expenditures for incentives should be small rewards that reflect a minimal portion of the total federal funds available.
- **Educationally-Related Test:** Incentives purchased with federal funds should be educationally related, such as books or educational games. When distributing incentives, the rationale must also be educationally related (regularly attending school, finishing a project, etc.).
- **Learning Plans for English Language Learners:** The NDCC states if a school district determines that a student requires English language learner services, the school district shall convene a team to review the student's language and educational needs (NDCC Section 15.1-38-03). It is the team's responsibility to develop an individualized language plan and recommend specialized language instruction and related services. Since state law requires that the district develop an English language learner individualized plan, it is considered supplanting to use federal funds to pay for the development of this plan.

How can schools help support elements that are required by state law?

In some instances, districts may be able to use federal funds to support professional development or training relating to these elements required in state law; however, a school's targeted assistance or schoolwide Title I status plays a significant role when determining whether these activities would be allowable. In summary, federal funds must be used for expenditures that are supplemental, reasonable, and necessary to operate the federal program. Districts must keep focused on the ultimate goal, which is enhancing student achievement.

If you have questions regarding this issue, please contact the Division of Student Support & Innovation at (888) 605-1951.